

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2015 /2016

BGM 2054 – GLOBAL MANAGEMENT /
BGB 2014 –GLOBAL BUSINESS

(All sections / Groups)

8 MARCH 2016

9:00 a.m. - 11.00 a.m.

(2 Hours)

INSTRUCTIONS TO STUDENTS:

1. This question paper consists of **TWO** parts and 7 pages (exclusive of the cover page).
2. Please answer **ALL** questions and write down your answers in the Answer Booklet provided.
 - **Part A** contains multiple choice questions (40 marks)
 - **Part B** contains short answers and essay questions (60 marks)
3. The total marks for this paper is 100 marks. This final examination will contribute 50% toward your grade in this course.

PART A: MULTIPLE CHOICE (40 marks)

Part A is to be answered on the multiple-choice answer sheet that will be distributed by the invigilators. You do not need to write anything in the Answer Booklet. **Read each of the items below carefully and then indicate the most appropriate response on the multiple-choice answer sheet.** (2 marks for each correct answer, for a total of 40 marks)

- 1) Any commercial transaction that crosses the borders of two or more nations is known as _____.
 - A) domestic marketing
 - B) market segmentation
 - C) international business
 - D) global manufacturing

- 2) _____ are all goods and services sold abroad and sent out of a country.
 - A) Net national products
 - B) Exports
 - C) Gross domestic products
 - D) Imports

- 3) Which of the following terms is used to refer to the ideas, beliefs, and customs to which people are emotionally attached?
 - A) Attitudes
 - B) Memetics
 - C) Aesthetics
 - D) Values

- 4) Surveys conducted by a group of sociologists show that French children display more familiarity with the superheroes of Hollywood movies than with the heroes of their traditional folklore. The French Government can use this fact to prove the effect of _____ within their country.
 - A) cultural imperialism
 - B) social stratification
 - C) ethnocentrism
 - D) racism

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- 5) Which of the following statements about representative democracies is true?
- A) All citizens participate freely and actively in political processes.
 - B) Leaders of representative democracies can stay in power indefinitely.
 - C) Citizens elect individuals from political groups to act on their behalf.
 - D) Representative democracies across the world share identical features.
- 6) The relative ability of two countries' currencies to buy the same basket of goods in those two countries is called _____.
- A) gross national product
 - B) gross domestic product
 - C) purchasing power
 - D) purchasing power parity
- 7) _____ says that nations should accumulate financial wealth, usually in the form of gold, by encouraging exports and discouraging imports.
- A) Absolute advantage theory
 - B) Factor proportions theory
 - C) Mercantilism
 - D) Communism
- 8) _____ are rules stipulating that a certain proportion of the value of the goods made in one country must originate from that country.
- A) Voluntary export restraints
 - B) Local content requirements
 - C) Quota
 - D) Tariff
- 9) Which of the following theories states that firms undertake foreign direct investment, when the features of a particular location combine with ownership and internalization advantages, to make the location appealing for investment?
- A) market power theory
 - B) international product life cycle theory
 - C) market imperfections theory
 - D) eclectic theory

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Question 10 and 11 are based on the following scenario.

Scenario: Moonland Union

Twenty-six nations of Moonland region, have decided to cooperate with one another to eliminate trade barriers among them and create the Moonland Union. They are not sure, however, to what extent they want to cooperate.

- 10) As a first stage of cooperation, the countries agree to remove all barriers to trade among themselves. Each country also maintains policies it sees fit against nonmembers. At this stage, Moonland Union can be described as a _____.
- A) free trade area
 - B) political union
 - C) common market
 - D) customs union
- 11) Some countries in Moonland Union are interested not just in free trade among themselves and a common trade policy against nonmembers, but also in removing all barriers to the movement of labor and capital among themselves. This type of integration is best described as a _____.
- A) free trade area
 - B) preferential trading area
 - C) customs union
 - D) common market
- 12) The practice of insuring against potential losses that result from adverse changes in exchange rates is called currency _____.
- A) hedging
 - B) arbitrage
 - C) speculation
 - D) conversion
- 13) When a country's currency is weak, the price of its _____.
- A) exports and imports on world markets declines
 - B) exports and imports on world markets increases
 - C) exports on world markets declines and the price of its imports increases
 - D) exports on world markets increases and the price of its imports declines

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- 14) The main benefit of a multidomestic strategy is that it _____
- A) exploits scale economies in product development and marketing
 - B) is cost-saving due to product and marketing standardization
 - C) takes advantage of location economies
 - D) responds quickly and effectively to emerging buyer preferences
- 15) Companies along a distribution channel that work together in delivering products to customers are called _____.
- A) subsidiaries
 - B) intermediaries
 - C) value chains
 - D) value networks
- 16) Which of the following statements is true about international promotions?
- A) Most companies standardize all aspects of their international promotions to cut costs.
 - B) Firms that standardize advertising often control campaigns from the home office.
 - C) Companies that adapt their advertising to different markets project a consistent brand image.
 - D) Companies discourage blending product and promotional strategies in a communication process.
- 17) Individuals from the home country manage operations outside the home country in _____ staffing.
- A) ethnocentric
 - B) polycentric
 - C) regiocentric
 - D) geocentric

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- 18) BMW chooses to sell its technology to a Chinese firm for a fee, it would be an example of:
- A) ownership advantage
 - B) licensing
 - C) market imperfection
 - D) contracting
- 19) _____ is the extent to which different countries possess various factors of production such as labor, land, and technology.
- A) Absolute advantage
 - B) Comparative advantage
 - C) Factor endowment
 - D) Product lifecycle
- 20) When you assert that a certain aspect of your own culture is superior, you are probably exhibiting:
- A) objective observation.
 - B) ethnocentric behavior
 - C) polycentric behavior
 - D) regiocentric behavior

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SECTION B (60 marks): Answer ALL questions. Write your answers in the answer booklet provided.

Question 1 (20 marks)

- a. Explain the benefits of globalization of production.

(12 marks)

- b) Describe the relationship between culture and the physical environment.

(8 marks)

Question 2 (20 marks)

- a) Define what an organization structure is. Explain THREE (3) importance of organization structure toward an international business.

(10 marks)

Question 2 (b) is related to the following information below.

Deco-deco (Malaysia) Sendirian Berhad manufactures home furniture. The company has been exporting to countries like Indonesia and Singapore for two years. The sales in Singapore and Indonesia were moderately good. However, due to the current global crisis, the local and international demands for the furniture are sluggish. The top management feels that it is time for the company to diversify the business into other overseas market. Home furniture market in Thailand shows good prospect as the competition is low and many sales inquiries come from Thailand for the urban millennium furniture designs that Deco-deco produces. According to the company initial survey, the designs are line with the current need of the urban Thais.

- b) Based on the above information, advice the top management of Deco-deco on other consideration factors before selecting an entry mode to Thailand.

(10 marks)

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Question 3 (20 marks)

Discuss at least FOUR (4) reasons for government intervention in international trade.

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